

*Make file  
for questions  
CST  
Special Funds*

26 December 1946

Mr. J. W. Warner  
Head, Audit Review Division C  
Room 4553  
Bureau of Internal Revenue Bldg.  
Washington, D. C.

Re: Special Procedure With Respect to 1946  
Information Returns (Forms 1099 & W-2)

Dear Mr. Warner:

In accordance with the conference held between representatives of this Unit and yourself on 23 December 1946, the following special procedure is set forth for the filing of 1946 Information Returns concerning certain employees of this Unit. It is respectfully requested that this Unit be permitted to follow the outlined procedure.

1. Statement of Income Tax Withheld (Form W-2) —  
Reporting the amount of salary paid to the employee and the amount of income tax withheld.

The Strategic Services Unit, employer, will file with you (i) Form W-1, (ii) Form W-3, and (iii) a duplicate of Form W-2 and/or Form W-2a for each employee paid out of unvouchered funds during the calendar year of 1946 whose compensation was subject to the withholding tax. Ordinarily, the duplicate of Forms W-2 and W-2a would be filed by this Unit with the Collector of Internal Revenue, Baltimore, Maryland. However, in accordance with the procedure agreed upon, these Forms will be filed with and audited by your office, and will then be sent by you in triplicate directly to the Sorting Section of the Bureau of Internal Revenue. After the audit has been completed by you, and you are satisfied as to the correctness of the Forms W-1 and W-3, you will transmit said forms, together with (i) a covering letter stating that copies of Form W-2 and/or W-2a have been filed with your office under a special arrangement and that Forms W-1 and W-3 are correct, and (ii) checks representing taxes withheld, and supporting receipts, to the Collector of Internal Revenue, Baltimore, Maryland. The Forms W-2 and W-2a will show the employer as the United States Government. It is understood that the purpose of this procedure is to provide security for the operations of the Strategic Services Unit and its employees.

Mr. J. W. Warner

-2-

26 December 1946

2. Information Returns (Form 1099) -- Reporting the amount of salary paid to employees from whom no income tax was withheld, the major part of their services for the Strategic Services Unit during the calendar year having been performed outside the United States.

This office will prepare one copy of Form 1099 for each such employee. The Form will show the employer as the United States Government. The copy will not be filed with the Bureau of Internal Revenue, but will be given to the employee upon his return to this country, with instructions to attach the copy of his 1945 income tax return, which he will file with the Collector of Internal Revenue in his home district. If any such employee desires to have his return filed in his absence by a duly constituted agent in this country, the copy of Form 1099 will be furnished to such agent with the same instructions.

3. Employees of the Strategic Services Unit using the above procedure will file their income tax returns in the same manner as any other person, but will indicate their employer as the United States Government and not the Strategic Services Unit.

If the above is acceptable to you, will you kindly sign and return to me the enclosed copy of this letter?

Sincerely yours,

STATINTL

J. W. WARNER

STATINTL

cc:

JSW:mbt